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Raising Investors Consciousness: The Campaign Against Investments

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come to South Africa peacefully, particularly while foreign support keeps the Government strong enough to resist domestic pressures. Many share the belief articulated by black-consciousness groups that only an economic, political and cultural isolation of South Africa offers any hope at all for substantive change without a long, bloody war.

Central US Role

The South African Government for its part views the potential withdrawal of American money or technology as a direct threat to its survival. To the Government and its supporters, any sign that American companies will maintain their stake in the South African economy is a definite morale booster, an encouragement to press ahead with current policy. That was the sentiment behind *The Citizen's* "Thank

you, Mr. Ford," as well as the attitude of a Government commentary on South Africa's networks broadcast after the Ford announcement: "We should learn to treat with due disregard the sound and fury of the activists—the way America's businessmen have done."

"If Americans are worried and confused about the counterproductive effects of their rhetoric against South Africa," the South African Institute of Race Relations stated last fall, "perhaps the lack of visible, significant change in the employment practices of US firms operating in South Africa may be one reason."

As long as US condemnations of apartheid are not accompanied by substantive actions, both the South African Government and its black opponents will continue to agree with Jim Morrell of the Fund for Peace's Center for International Policy that America's stance towards South Africa is one of "slapping the wrist while greasing the palm." □

Raising Investors' Consciousness The Campaign Against Investments

Timothy H. Smith and Prexy Nesbitt

BANK LOANS and corporate investments in the Republic of South Africa have become a priority issue in many parts of the United States. Debate on the issue is heated and it is growing. Actions are being taken in places where South Africa has seldom been discussed—before—in state legislatures, city councils, union pension offices, and local churches—and they are escalating in universities, black communities and organizations and in the Congress. And as the pressure increases the issue is forced into more and more corporate board rooms.

If there is any community where the issue of the corporate connection with South Africa has exploded, it is on the campuses of American colleges and universities. Not since the days of the 1960's anti-war movement has there been such concerted action on so many campuses. The movement is the product of the recognition that, through endowments and investment portfolios, universities and colleges are intimately linked to the major banks and corporations doing business in South Africa. Students, faculty, and in some cases, trustees and administration are organizing to send a message to corporate management opposing complicity in apartheid.

One sign of the seriousness with which this issue is being taken on campuses was evidenced recently when 50 northeastern universities attended an Oberlin-sponsored meeting in New York City in mid-February to hear panelists discuss US investment in South Africa. Each university represented had serious decisions to make about its investments in companies in South Africa in the months ahead. After lengthy

debates, a number of schools decided to sell their stock in corporations investing in South Africa.

Regents Take Action

Hampshire College, the University of Massachusetts, the Oregon Board of Higher Education and the University of Wisconsin are among those who have made this decision. Smith College recently sold its stock in Firestone in protest against that rubber giant's South Africa practices.

The Regents' action at the University of Wisconsin came after months of discussion highlighted by two opinions by State Attorney General Bronson La Follette, who ruled that it was illegal under Wisconsin law for the University to hold stock in any company that discriminated on the basis of race. On the heels of a second ruling and after a public hearing, the Regents overwhelmingly voted for divestiture of the stock.

In the spring of 1977 numerous California universities witnessed widespread organizing on this issue. At Stanford thousands of students and faculty signed petitions designed to show that there was a "community consensus" on the issue of South African investments. After numerous meetings with trustee and administration representatives who refused to even vote their stock proxies in favor of church-sponsored resolutions, students staged a sit-in in the administration building that finally resulted in the arrest of 300 protestors. Similar sit-ins and arrests occurred at the University of California campuses at Berkeley, Davis and Santa Cruz. Since these efforts continued through the summer and into the new school year, they can hardly be passed off as "spring fever."

In response, even the inactive Regents of the University of California felt compelled to send a

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cautious letter of inquiry to all companies in which they invest that have South African operations and to set up a Regents' committee on corporate responsibility.

Numerous other universities have become active voters on proxy resolutions, studying church-sponsored resolutions and voting their stocks with a letter to management. While this has been done for a number of years by various universities—Harvard, Oberlin, Yale, Princeton, for example—the number of schools committed to voting their shares has grown into the hundreds. In addition, stronger positions are more acceptable to university shareholders.

The University of Illinois Board of Regents, in October 1977, authorized support for shareholder resolutions seeking "termination of further investment" or "prudent withdrawal of current investment" from South Africa. Even the cautious multi-billion dollar TIAA-CREF, the repository for college teachers' insurance and pension money, has decided to support resolutions prohibiting further bank loans to, or investments in, South Africa.

The University of Minnesota prepared and submitted a resolution to 14 companies asking them to support the Sullivan Six Principles. (The Sullivan Principles are intended to end segregation and promote fair employment practices in South African plants and facilities of US corporations; many critics consider them to be generally ineffective in combating apartheid.) While this resolution is a very weak request that ignores many aspects of corporate support for apartheid, it illustrates the deep concern felt on campuses.

Other colleges and universities are being asked to display their opposition to such investment by public divestment of stock or by sponsoring university hearings on the question, making public statements, sending letters to corporations, voting their shares and attending shareholder meetings to speak.

Following the lead of Union Theological Seminary (NY) in 1976, universities actually sponsored shareholder resolutions for the first time this year. Bryn Mawr and Haverford Colleges joined with churches to co-sponsor resolutions with Kodak and Motorola. These resolutions asked Kodak to cease sales of specific equipment to the South African Government. Kodak has refused to commit itself publicly not to supply the passbook system or aerial film to the South African military. Motorola is being asked for a policy

of no expansion and termination in South Africa.

The impact of these campaigns can be measured by the fact that the South African Embassy has gone to considerable expense in sending letters and voluminous masses of misinformation to university presidents and trustees in order to counter the organization efforts on campuses.

Other Actions Grow

City council actions have also multiplied. For instance, Atlanta, Denver, Chicago, San Antonio and Detroit have all passed resolutions urging their citizens not to buy the South African gold coin, the Krugerrand. The Krugerrand is an "ounce of apartheid," said one city council member, arguing successfully that to buy the Krugerrand was direct support for white minority rule.

Other city councils, such as Washington, D.C., East Lansing and Gary have sponsored hearings on the role of US investors in apartheid.

The city of Madison, Wisconsin did vote in favor of a resolution to give preferential treatment in buying goods and services to suppliers with no subsidiaries in South Africa.

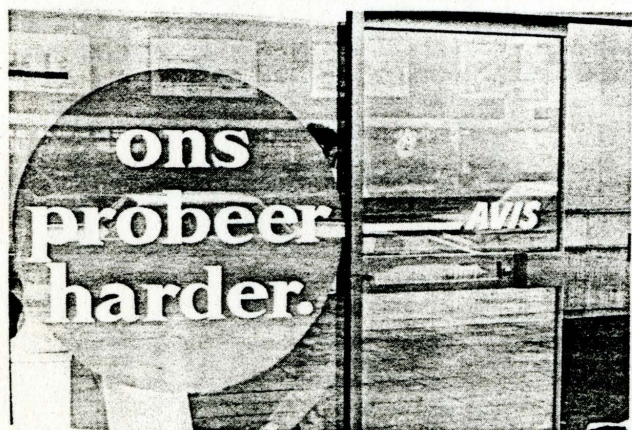
Cities like Davis and Oakland in California, are debating what to do with city investments regarding South Africa, while San Francisco and such states as Minnesota and Connecticut are voting their stock. Connecticut, for instance, has supported resolutions asking corporations to withdraw from South Africa.

On February 23 the Executive Council of the AFL-CIO resolved that all US corporations should immediately sever all relationships with operations in South Africa. A number of trade union leaders have also spoken out specifically against bank loans to South Africa. Matching their opposition with action, several have cut ties with banks continuing to make loans. The United Auto Workers International voted to withdraw accounts from such banks.

In New York, trade unions such as the Joint Furriers Council, United Electrical Workers, District 1199 of National Union of Hospital and Health Care Employees have withdrawn accounts from such major South African lenders as Citibank, Chase Manhattan, Morgan Guaranty, Manufacturers Hanover Trust.

The Pension Fund of 1199 is worth over \$236 million and is one of the largest pension funds in the country. Its trustees recently voted to cease investing in all banks and companies in South Africa. The 1977 Convention of the International Longshoreman resolved to end all handling of goods to or from South Africa. The Oil, Chemical and Atomic Workers and certain other unions are reviewing their relationship to South African lenders. The United Mineworkers has opposed imports of South African coal. And, significantly, this union groundswell is seen as well among many rank and file members, black and white.

In a continuing campaign spearheaded by the American Committee on Africa and Clergy & Laity Concerned, numerous individuals, organizations, churches and unions have already withdrawn over \$35 million from banks lending to South Africa. In November 1977 the Governing Board of the National Council of Churches committed itself to withdraw



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from banks lending to South Africa. By early December the Chicago Coalition on South Africa and five church organizations—the Association of Chicago priests, Church Women United in Greater Chicago, the Chicago Disciples Union, the Northern Illinois Conference of the United Methodist Church and Chicago CALC—had announced the withdrawal of funds from the Continental Illinois and First National Chicago banks.

Personalizing the Issue

The virtue of such campaigns is that it helps to quickly make the issue of apartheid a personal one that touches everyone with a bank account. Through this campaign corporate investment in South Africa becomes an issue that allows opposition by individuals.

Investment in white-ruled southern Africa has been a major agenda item for the black community for some time. In the 1960's black opposition to loans to South Africa and Gulf Oil's role in Angola sparked angry protest. Through the 1970's the sizable demonstrations held on African Liberation Day in major cities have had as one of their foci the investment connection. Whether we are discussing People United to Save Humanity (PUSH), the National Committee of Black Churchmen, Urban League, African Heritage Studies Association, NAACP, SCLC, 100 Black Men, the Black Panther Party or the Congressional Black Caucus, the role of US investment is a major plank in any platform regarding the South African struggle. Most recently the NAACP broke a tradition of support for "progress through investment" by calling outright for the withdrawal of US companies.

The Urban League, headed by Vernon Jordan who sits on seven corporate boards, has only gone as far as to call for no further investments.

Most national and many regional church actions on Southern Africa are coordinated through the Interfaith Center on Corporate Responsibility, a working coalition of over 150 Roman Catholic orders and 14 Protestant denominations.

For a decade national churches have been involved in a variety of activities on this question. Extensive research and publication, fact-finding trips to South Africa, public hearings on the question, boycotts, testimony before UN and Congressional committees, constituency education work, meetings with management of corporations, public statements, filing of

shareholder resolutions, soliciting of votes from shareholders and stockholder institutions and appearances at shareholder meetings have all been approaches used over the years. Church actions regarding loans and investments in South Africa have grown steadily since the 1960's when they focused on a \$40 million loan to the South African Government and in 1971 when the Episcopal Church challenged GM's presence with a stockholder resolution.

Within the churches as in the country at large, energetic work on this issue has increased considerably. In the early 1970's churches filed shareholder resolutions asking for disclosure of information as they carefully reviewed the claims of corporations that their presence in South Africa was a positive force for the black population. By 1977 the positions taken by the majority of Protestant denominations had hardened considerably.

During the past several years, an increasing number of Roman Catholic orders and national Protestant agencies have filed resolutions for votes by all shareholders, calling on banks to end loans to the apartheid government, for specific companies to give up plans for expansion, for other companies to end the sale of such strategic products as computers and for a number of other corporations to withdraw.

In 1978, 23 banks and companies received resolutions on southern Africa. For example, Bank of America is asked to adopt a policy ending loans to the South African Government or to corporations there unless and until that Government takes meaningful steps toward majority rule.

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Union Carbide and US Steel are asked to adopt policies prohibiting further expansion.

Control Data faces a resolution asking it to end sales to the South African Government.

In 1977-78 companies like Texaco, Ford, GE, Goodyear, 3M, Standard Oil of California, Motorola and Phelps Dodge have been asked to withdraw.

As churches file resolutions and take the debate on apartheid to the floor of the stockholders meetings, more and more institutional investors will be exercising their votes in favor of these resolutions, especially as the debate spreads within their constituencies.

Measuring Results

What is the end result of the effects of this rapidly growing movement? While it is hard to identify all of the results, several observations can be made:

Individuals and organizations are becoming more educated and are acting on the basis of their new knowledge. The US Government is being pressed to take a much firmer stand against South Africa. A recent Harris Poll indicated that 60 per cent of those polled supported stronger pressures on South Africa.

The South African Government is considerably increasing its lobbying and propaganda activity in the US to swing opinion in its favor. Banks and corporations are spending a vastly disproportionate amount of time on South Africa. They are forced to prepare lengthy position papers to defend themselves and are

backing the Sullivan Six Principles to improve wages and working conditions in their plants so as to stave off accusations of being "partners in apartheid." Many companies still stubbornly cling to the myth that their loans and investments better the lives of blacks instead of propping up white minority rule.

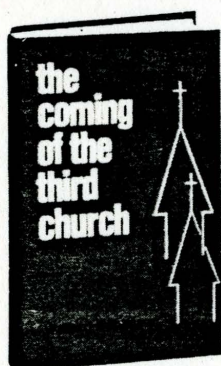
Other banks and corporations are coming to acknowledge that their involvement strengthens apartheid. Thus a number of banks have prohibited or limited loans to South Africa. Companies like GM, Control Data, Kodak, Johnson & Johnson and Gulf & Western have stated that they will not expand.

Many other companies are reading the signs of the times and see that the nationwide rebellion inside South Africa makes their business future increasingly risky; certainly profitability is falling in South Africa. Others are reviewing the public relations problems and possible economic losses in the US. Any corporation with interests in independent Africa is looking carefully at statements by Nigeria indicating official displeasure with foreign investors who do business both in Nigeria and South Africa.

As the pressure from individuals and organizations grow, others are encouraged to join. Awareness within one university, church, trade union, civil rights group spreads to others. The movement in support of the liberation of Southern Africa and to end US political and economic support for white minority rule is growing by leaps and bounds. It is unlikely to disappear until the day that South Africa is authentically ruled by all its citizens. ☐

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